

TESTIMONY OF THE HONORABLE SCOTT BUNDGAARD
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BEFORE THE US HOUSE ADMINISTRATION COMMITTEE FIELD HEARING
PHOENIX, ARIZONA
MARCH 17, 2001

Good morning, Mr. Chairman and members of the Committee. My name is Scott Bundgaard and I am Chairman of the Finance Committee of the Arizona State Senate. I am here today on my own behalf to discuss with you real campaign finance reform.

Campaign finance reform can only be viewed in a holistic manner. In order to be effective, it must be applied across the board and be fair. It cannot be a system that will allow any one faction in society to have created for it a disproportionate and unfair advantage.

James Madison recognized in Federalist 10 the existence of factions and while Madison disapproved of the interaction of faction he recognized that society would ultimately evolve into political factions. Latter day scholars in the 20th century went further in their evaluation. They suggest that the existence of factions is incontrovertible but that more importantly when factions do not engage in the political process their opponent faction positions will gain an upper hand in setting national, regional, or local public policy. So, too, it is with regard to the financial aspects of faction interaction.

Two things come to my mind when it comes to what I believe would constitute meaningful, fair and reasonable campaign finance reform. One is the idea commonly referred to as paycheck protection – the theory that provides that no worker or employee should have money taken from him involuntarily or automatically and used for political purposes without that employee's consent. The second is my firm belief that limiting the voluntary financial contributions that any individual can make is counterproductive and

that only through unlimited contributions and instantaneous reporting can the system be made to be fair. It is those two points that I would like to focus on today. In addition I will try to demonstrate some personal experiences, which I believe, demonstrate some of the contradictions that have occurred between the work of some reform proponents and the talk.

I support the position articulated by President Bush in support of paycheck protection. A report produced by Americans for Tax Reform (ATR) last year stated, "Under current law in most states, labor unions may use the dues collected from their members for collective bargaining purposes and political contributions. Unions are not required to obtain permission of their members to do this, nor are they required to consider the political leanings of their members when doing so."

Realistically if a corporation or even a small business was to force its employees or shareholders to turn over a portion of their paychecks or dividend checks to them for use in the political process, there would be cries of foul all over the country. It could not be done. Yet, we acknowledge and allow this to occur in labor unions. And most proposals for campaign finance reform amount to private sector unilateral disarmament.

For us to consider eliminating soft money contributions to political parties only exacerbates an already disproportionate situation that exists. It would essentially institutionalize an already unbalanced system. Further, it would ignore fundamental rights of workers up and down the employee chain.

The ATR report also stated, "By giving workers the choice of whether to fund their union's political agenda, paycheck protection enhances the integrity of the political process. Currently millions of dollars are forced from workers and funneled into the

political system by union officials who are rarely held accountable for how they disperse such funds. In federal campaigns, forced union dues constitute the only source of money that legally enters our political system without the explicit permission of the people who earned that money in the first place”.

As Robert P. Hunter of the Mackinac Center for Public Policy wrote last year, “...paycheck protection proposals are viable alternatives to enhance worker personal freedoms, their Constitutional rights to free speech and association, union democratic governance, and accountability by the union leaders who make decisions for workers, often without their knowledge and consent”.

And as Thomas Jefferson wrote over two hundred years ago, “...to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical.”

Next let us look briefly at the second issue: limitations. Limitations do not work and only serve to drive those who would abuse the system further under ground. The fact is that every reform that has been designed in the last 200 years to control campaign finance abuses has absolutely backfired. Let’s look at one example. In 1974, in an effort to gain control over the abuses that had been uncovered during the Watergate investigations, the United States Congress implemented, and most states likewise enacted, enabling legislation for the creation of political action committees or PACs.

Along with PACs came limitations on what an individual would be able to contribute and limitations on what any given PAC could contribute. And at the time, this reform was hailed as a modification that would address the aforementioned abuses and set the system back on track. Well I ask you members today, how long did it take until

PACs were being assailed? It was almost instantaneous. Calls for further reforms started almost from the moment PACs were first formed.

Why is that? Primarily because there are elements in our country that do not believe in free speech and do not believe that free speech extends to individual political contributions. The fact is that these elements want public financing and will stop at nothing short of it. But they won't do that in one open call. They will hide behind incremental changes that eat away at our right to make political contributions. With each step, frankly they seek to create the opportunity for further abuses that allows them to continue to ask for more restrictions and so forth.

The fact is that at the rate we are going it will not be many more elections from now before the public financing forces have achieved their goal and that is not in the best interest of our Constitutional system and our freedom of speech.

That is why I suggest, radical as it may seem, that the only true reform that can return our system to a true free speech nature is to eliminate campaign contribution restrictions and to mandate full, open and immediate disclosure. The facts are simple. In our new information age there is no reason why campaign contributions could not be subjected to instant reporting. Most reporting agencies allow for reporting by electronic means and most people would rather engage that way.

Moreso, if the obligation to report remains with the recipient and strict enforcement with severe penalties applied, there is no reason that this won't create a self-correcting circumstance. It is a given that most people do not like the prospect of having their names splattered across the newspapers and electronic media with regard to egregiously high campaign contributions. I doubt that any elected official would want to

have one faction having made disproportionately significant contributions to them. Obviously, most candidates want to accept support from as broad a base as possible.

In Arizona, when severe campaign finance limitations on PACs and individuals were enacted by plebiscite through initiative some years ago the result wasn't a reduction in contributions. Quite the contrary, the process of raising money with additional contributions became a cottage industry and a trade heavily plied by lobbyists. It made for a worse circumstance not a better one.

In addition, did companies and trade associations who wanted to financially participate in campaigns merely acknowledge that there was nothing more they could do but make a limited contribution? No, they turned to the other means at their disposal – independent contributions. Of course it didn't take long before there were howls about how bad independent campaign contributions were. Oh yes, there were attempts to restrict those, but this first amendment issue with regard to independent campaigns was a lot tougher to vault over than the limitation on personal and PAC contributions was. So the legislature enacted restrictions on notifying candidates about independent campaigns and other such reforms.

But the result is always the same. In a society that has freedom of speech as one of its cornerstones, the fact is that it is impossible to ever enact reforms that will completely modify the process. Only the extremes will completely satisfy the need. One is an intolerable abrogation of rights of free speech – public financing. The other is the appropriate and reasonable way for an information age society to operate and that is through unlimited contributions and instantaneous reporting and disclosure.

Mr. Chairman I appreciate having had the opportunity to visit with you this afternoon and hope that my comments will prove to be helpful to you in your deliberations.

Thank you.